

[Establishing voluntary catastrophic benefit under traditional fee-for-service program]

AMENDMENT TO H.R.

OFFERED BY Mr. *MURPHY*

(Page & line nos. refer to Committee Print of 6/13/03)

At the end of title II [page 124, after line 4], insert the following new subtitle:

1 Subtitle D—Establishment of Medi- 2 care Voluntary Catastrophic 3 Coverage Program

4 SEC. 231. ESTABLISHMENT OF MEDICARE VOLUNTARY 5 CATASTROPHIC COVERAGE PROGRAM.

6 (a) IN GENERAL.—Title XVIII, as previously amended, is
7 amended—

8 (1) by redesignating part F as part G; and

9 (2) by inserting after part E the following new part:

10 "PART F—VOLUNTARY CATASTROPHIC BENEFIT PROGRAM

11 "ESTABLISHMENT OF PROGRAM

12 "SEC. 1860F-1. There is established as a part of the
13 medicare program under this title a voluntary program to cover
14 catastrophic out-of-pocket costs incurred under parts A and B.

15 "SCOPE OF BENEFITS

16 "SEC. 1860F-2. (a) IN GENERAL.—The benefits provided
17 to an individual enrolled in the insurance program under this
18 part shall consist of elimination of further cost-sharing (de-
19 scribed in subsection (b)) for expenses incurred during a year
20 after the individual has incurred cost-sharing totaling the cata-
21 strophic limit specified in subsection (c).

22 "(b) COST-SHARING COVERED.—

23 "(1) IN GENERAL.—For purposes of this part, the
24 term 'cost-sharing' means costs incurred by an individual
25 that are attributable to the following:

26 "(A) INPATIENT HOSPITAL DEDUCTIBLE AND
27 HOSPITAL COINSURANCE.—Costs incurred for the de-

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1 ductible and coinsurance described in section
2 1813(a)(1).

3 "(2) BLOOD DEDUCTIBLE.—The deduction de-
4 scribed in section 1813(a)(2).

5 "(C) SNF COINSURANCE.—Coinsurance described
6 in section 1813(a)(3).

7 "(D) HOSPICE COINSURANCE.—Hospice coinsur-
8 ance under section 1813(a)(4).

9 "(E) PART B DEDUCTIBLE AND COINSURANCE.—
10 Amounts charged as the deductible or coinsurance or
11 copayments under part B, but not including any
12 amounts owed in excess of the full payment rate recog-
13 nized under this title with respect to the items or serv-
14 ices involved.

15 "(2) TREATMENT OF INCURRED COSTS.—For pur-
16 poses of this part, costs shall be treated as incurred only
17 if they were incurred during an individual's coverage period
18 under this part and only if they were billed and owed, re-
19 gardless of whether payment was or was not made by the
20 individual or by another party (including by a group health
21 plan, by a medicare supplemental health insurance policy,
22 under title XIX, or otherwise).

23 "(c) CATASTROPHIC LIMIT.—

24 "(1) IN GENERAL.—The catastrophic limit under this
25 subsection is equal to—

26 "(A) for 2006, \$2000; or

27 "(B) for a subsequent year, is equal to \$2,000 in-
28 creased the percentage by which the average expendi-
29 tures per full-year enrollee under this part for that sub-
30 sequent year will exceed such average for 2006.

31 (2) ROUNDING.—Any amount computed under para-
32 graph (1)(B) shall be rounded to the nearest \$50.

33 "(3) PROMULGATION.—Not later than September 1 of
34 each year (beginning with 2006) the Secretary shall deter-
35 mine the catastrophic limit under this subsection for the
36 following year.

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1 “(d) ADMINISTRATION OF BENEFITS.—The Secretary
2 shall establish a method for the administration of this part
3 through fiscal intermediaries and carriers under parts A and B
4 in coordination with the payment of benefits under those parts.
5 In carrying out this part—

6 “(1) to the maximum extent feasible, the Secretary
7 shall provide for timely determination of eligibility and ben-
8 efits so as to permit the adjustment of the amount of pay-
9 ments made to providers under such parts to take into ac-
10 count the catastrophic benefits provided under this part
11 and to avoid the need for payment of covered cost-sharing
12 by beneficiaries;

13 “(2) the Secretary shall develop a method for the re-
14 imbursement of individuals (or other parties) in cases in
15 which they make payment for costs for which benefits are
16 available under this part; and

17 “(3) the Secretary may enter into contracts with other
18 parties to administer and facilitate administration of this
19 part.

20 “(e) SOURCE OF PAYMENT.—Payment of benefits under
21 this part shall be made from the Federal Catastrophic Insur-
22 ance Account within the Federal Supplementary Medical Insur-
23 ance Trust Fund and shall be transferred (in a manner speci-
24 fied by the Secretary) to the Federal Hospital Insurance Trust
25 Fund.

26 “ELIGIBILITY AND ENROLLMENT

27 “SEC. 1860F-3. (a) ELIGIBILITY.—Every individual who,
28 in or after 2006, is entitled to hospital insurance benefits under
29 part A and is enrolled in the medical insurance program under
30 part B is eligible to enroll in the insurance program under this
31 part, during an enrollment period prescribed in or under this
32 section, in such manner and form as may be prescribed by reg-
33 ulations.

34 “(b) ENROLLMENT.—

35 “(1) IN GENERAL.—Each individual who satisfies sub-
36 section (a) shall be enrolled (or eligible to enroll) in the
37 program under this part in accordance with the provisions

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1 of section 1837 (other than subsection (f)). as if that sec-
2 tion applied to this part. except as otherwise explicitly pro-
3 vided in this part.

4 "(2) PENALTY FOR LATE ENROLLMENT.—Except as
5 provided in subsection (d), section 1860F-5(b) (relating to
6 loss of coverage under the medicaid program) or as other-
7 wise explicitly provided, no individual shall be entitled to
8 enroll in the program under this part at any time after the
9 initial enrollment period without penalty, and in the case
10 of all other late enrollments, the Secretary shall develop
11 and apply a late enrollment penalty for the individual that
12 is similar to the late enrollment penalty described in section
13 1839(b).

14 "(3) SPECIAL ENROLLMENT PERIOD IN 2005.—

15 "(A) IN GENERAL.—In the case of an individual
16 who first satisfies subsection (a) on or before October
17 1, 2005, there shall be an initial general enrollment pe-
18 riod beginning on such date and ending on March 31,
19 2006, during which the individual may enroll under
20 this part.

21 "(B) EFFECTIVE DATE OF COVERAGE.—An indi-
22 vidual who enrolls under the program under this part
23 pursuant to subparagraph (A) shall be entitled to bene-
24 fits under this part beginning on the first day of the
25 month following the month in which such enrollment
26 occurs, but in no case earlier than January 1, 2006.

27 "(c) PERIOD OF COVERAGE.—

28 "(1) IN GENERAL.—Except as otherwise provided in
29 this part, an individual's coverage under the program under
30 this part shall be effective for the period provided in section
31 1838, as if that section applied to the program under this
32 part.

33 "(2) PART F COVERAGE TERMINATED BY TERMI-
34 NATION OF COVERAGE UNDER PART A OR PART B.—In ad-
35 dition to the causes of termination specified in section
36 1838, an individual's coverage under this part shall be ter-
37 minated when the individual terminates coverage under ei-

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1 ther part A or part B, effective on the effective date of the
2 earlier termination of coverage under either such part.

3 “(d) ENROLLMENT FOR INDIVIDUALS WHOSE GROUP
4 HEALTH PLAN COVERAGE ENDS.—The provisions of section
5 1837(i) shall apply with respect to enrollment under this part
6 in the same manner as such section applies with respect to en-
7 rollment under part B.

8 “MONTHLY PREMIUM; COLLECTION OF PREMIUMS

9 “SEC. 1860F-4. (a) MONTHLY PREMIUM BASED ON PART
10 B METHODOLOGY.—

11 “(1) DETERMINATION OF MONTHLY ACTUARIAL RATE
12 AND MONTHLY PREMIUM.—The Secretary shall compute,
13 with respect to this part and the Federal Catastrophic In-
14 surance Account, a monthly actuarial rate and a monthly
15 premium in the same manner as such a rate and premium
16 is computed under section 1839(a) with respect to part B
17 and the Federal Supplementary Medical Insurance Trust
18 Fund.

19 “(2) APPLICATION OF PART B LATE ENROLLMENT
20 PENALTY AND RELATED PROVISIONS.—The provisions of
21 subsections (b), (d), and (e) of section 1839 shall apply
22 with respect to enrollment under this part and the premium
23 established under paragraph (1) in the same manner as
24 such provisions apply to enrollment under part B and the
25 premium established under section 1839(a).

26 “(3) TREATMENT AS PART OF CONSOLIDATED PRE-
27 MIUM.—The provisions of section 1839(f) shall be applied
28 (after the first year in which this part is in effect) as if
29 the premium established under this section were included
30 as part of the premium under section 1839.

31 “(b) PAYMENT OF PREMIUMS.—

32 “(1) GENERALLY THROUGH DEDUCTION FROM SOCIAL
33 SECURITY, RAILROAD RETIREMENT BENEFITS, OR BENE-
34 FITS ADMINISTERED BY OPM.—

35 “(A) IN GENERAL.—In the case of an individual
36 who is entitled to or receiving benefits as described in
37 subsection (a), (b), or (d) of section 1840, premiums

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1 payable under this part shall be collected by deduction
2 from such benefits at the same time and in the same
3 manner as premiums payable under part B are col-
4 lected pursuant to section 1840.

5 "(B) TRANSFERS OF DEDUCTION TO ACCOUNT.—

6 The Secretary of the Treasury shall, from time to time,
7 but not less often than quarterly, transfer premiums
8 collected pursuant to subparagraph (A) to the Federal
9 Catastrophic Insurance Account from the appropriate
10 funds and accounts described in subsections (a)(2),
11 (b)(2), and (d)(2) of section 1840, on the basis of the
12 certifications described in such subsections. The
13 amounts of such transfers shall be appropriately ad-
14 justed to the extent that prior transfers were too great
15 or too small.

16 "(2) OTHERWISE THROUGH DIRECT PAYMENTS BY EN-
17 ROLLEE TO SECRETARY.—

18 "(A) IN THE CASE OF INADEQUATE DEDUC-
19 TION.—An individual to whom paragraph (1) applies
20 (other than an individual receiving benefits as described
21 in section 1840(d)) and who estimates that the amount
22 that will be available for deduction under such para-
23 graph for any premium payment period will be less
24 than the amount of the monthly premiums for such pe-
25 riod may (under regulations) pay to the Secretary the
26 estimated balance, or such greater portion of the
27 monthly premium as the individual chooses.

28 "(B) OTHER CASES.—An individual enrolled in the
29 insurance program under this part with respect to
30 whom none of the preceding provisions of this sub-
31 section applies (or to whom section 1840(c) applies)
32 shall pay premiums to the Secretary at such times and
33 in such manner as the Secretary shall by regulations
34 prescribe.

35 "(C) DEPOSIT OF PREMIUMS IN ACCOUNT.—

36 Amounts paid to the Secretary under this paragraph
37 shall be deposited in the Treasury to the credit of the

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1 Federal Catastrophic Insurance Account in the Federal
2 Supplementary Medical Insurance Trust Fund.

3 "SPECIAL ELIGIBILITY, ENROLLMENT, AND COPAYMENT RULES
4 FOR LOW-INCOME INDIVIDUALS

5 "SEC. 1860F-5. (a) STATE OPTIONS FOR COVERAGE:
6 CONTINUATION OF MEDICAID COVERAGE OR ENROLLMENT
7 UNDER THIS PART.—

8 "(1) IN GENERAL.—The Secretary shall, at the re-
9 quest of a State, enter into an agreement with the State
10 under which all individuals described in paragraph (2) are
11 enrolled in the program under this part, without regard to
12 whether any such individual has previously declined the op-
13 portunity to enroll in such program.

14 "(2) ELIGIBILITY GROUPS.—The individuals described
15 in this paragraph, for purposes of paragraph (1), are indi-
16 viduals who satisfy section 1860F-3(a) and who are—

17 "(A) in a coverage group or groups permitted
18 under section 1843 (as selected by the State and speci-
19 fied in the agreement); or

20 "(B) qualified medicare catastrophic beneficiaries
21 (as defined in section 1905(x)(1)).

22 "(3) COVERAGE PERIOD.—The period of coverage
23 under this part of an individual enrolled under an agree-
24 ment under this subsection shall be as follows:

25 "(A) INDIVIDUALS ELIGIBLE (AT STATE OPTION)
26 FOR PART B BUY-IN.—In the case of an individual de-
27 scribed in subsection (a)(2)(A), the coverage period
28 shall be the same period that applies (or would apply)
29 pursuant to section 1843(d).

30 "(B) QUALIFIED MEDICARE CATASTROPHIC BENE-
31 FICIARIES.—In the case of an individual described in
32 subsection (a)(2)(B)—

33 "(i) the coverage period shall begin on the lat-
34 est of—

35 "(I) January 1, 2006;

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1 “(II) the first day of the third month fol-
2 lowing the month in which the State agreement
3 is entered into; or

4 “(III) the first day of the first month fol-
5 lowing the month in which the individual satis-
6 fies section 1860F-3(a); and

7 “(ii) the coverage period shall end on the last
8 day of the month in which the individual is deter-
9 mined by the State to have become ineligible for
10 medicare catastrophic coverage benefits.

11 “(4) ENROLLMENT FOR LOW-INCOME SUBSIDY
12 THROUGH OTHER MEANS.—

13 “(A) FLEXIBILITY IN ENROLLMENT PROCESS.—

14 With respect to low-income individuals residing in a
15 State enrolling under this part on or after January 1,
16 2006, the Secretary shall provide for determinations of
17 whether the individual is eligible for a subsidy and the
18 amount of such individual's income to be made under
19 arrangements with appropriate entities other than
20 State medicaid agencies.

21 “(B) USE OF CERTAIN INFORMATION.—Arrange-
22 ments with entities under subparagraph (A) shall pro-
23 vide for —

24 “(i) the use of existing Federal government
25 databases to identify eligibility; and

26 “(ii) the use of information obtained under
27 section 154 of the Social Security Act Amendments
28 of 1994 for newly eligible medicare beneficiaries,
29 and the application of such information with re-
30 spect to other medicare beneficiaries.

31 “(b) SPECIAL PART F ENROLLMENT OPPORTUNITY FOR
32 INDIVIDUALS LOSING MEDICAID ELIGIBILITY.—

33 “(1) IN GENERAL.—In the case of an individual who—

34 “(A) satisfies section 1860F-3(a); and

35 “(B) loses eligibility for benefits under the State
36 plan under title XIX after having been enrolled under

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1 such plan or having been determined eligible for such
2 benefits;

3 the Secretary shall provide an opportunity for enrollment
4 under the program under this part during the period that
5 begins on the date that such individual loses such eligibility
6 and ends on the date specified by the Secretary.

7 “(2) REFERENCE TO WAIVER OF LATE ENROLLMENT
8 PENALTY.—For provision waiving imposition of late enroll-
9 ment penalty in the case of an enrollment of an individual
10 under this part by reason of paragraph (1), see section
11 1860F-3(b)(2).

12 “(c) DEFINITION.—For purposes of this section, the term
13 ‘State’ has the meaning given such term under section 1101(a)
14 for purposes of title XIX.

15 “FEDERAL CATASTROPHIC INSURANCE ACCOUNT

16 “SEC. 1860F-6. (a) ESTABLISHMENT.—There is created
17 within the Federal Supplementary Medical Insurance Trust
18 Fund established by section 1841 an account to be known as
19 the ‘Federal Catastrophic Insurance Account’ (in this section
20 referred to as the ‘Account’).

21 “(b) AMOUNTS IN ACCOUNT.—

22 “(1) IN GENERAL.—The Account shall consist of—

23 “(A) such amounts as may be deposited in, or ap-
24 propriated to, such fund as provided in this part; and

25 “(B) such gifts and bequests as may be made as
26 provided in section 201(i)(1).

27 “(2) SEPARATION OF FUNDS.—Funds provided under
28 this part to the Account shall be kept separate from all
29 other funds within the Federal Supplementary Medical In-
30 surance Trust Fund.

31 “(c) PAYMENTS FROM ACCOUNT.—

32 “(1) IN GENERAL.—The Managing Trustee shall pay
33 from time to time from the Account such amounts as the
34 Secretary certifies are necessary to make the payments pro-
35 vided for by this part, and the payments with respect to
36 administrative expenses in accordance with section 201(g).

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1 “(2) TREATMENT IN RELATION TO PART B PRE-
2 MIUM.—Amounts payable from the Account shall not be
3 taken into account in computing actuarial rates or pre-
4 mium amounts under section 1839.

5 “APPROPRIATIONS TO COVER GOVERNMENT CONTRIBUTIONS

6 “SEC. 1860F-7. There are authorized to be appropriated
7 from time to time, out of any moneys in the Treasury not oth-
8 erwise appropriated, to the Federal Catastrophic Insurance Ac-
9 count, a Government contribution computed in the same man-
10 ner as the Government contributions are computed under sec-
11 tion 1844(a)(1), except that any reference to part B or a provi-
12 sion in section 1839(a) is deemed to be a reference to this part
13 and the corresponding provision in section 1860F-4.”.

14 (b) CATASTROPHIC COVERAGE OPTION UNDER
15 MEDICARE+CHOICE PLANS.—

16 (1) ELIGIBILITY, ELECTION, AND ENROLLMENT.—Sec-
17 tion 1851 (42 U.S.C. 1395w-21) is amended—

18 (A) in subsection (a)(1)(A), by striking “parts A
19 and B” inserting “parts A, B, and D”; and

20 (B) in subsection (i)(1), by striking “parts A and
21 B” and inserting “parts A, B, and D”.

22 (2) VOLUNTARY BENEFICIARY ENROLLMENT FOR CAT-
23 ASTROPHIC COVERAGE.—Section 1852(a)(1)(A) (42 U.S.C.
24 1395w-22(a)(1)(A)) is amended by inserting “(and under
25 part F to individuals also enrolled under that part)” after
26 “parts A and B”.

27 (3) PAYMENTS TO ORGANIZATIONS.—Section
28 1853(a)(1)(A) (42 U.S.C. 1395w-23(a)(1)(A)) is
29 amended—

30 (A) by inserting “determined separately for bene-
31 fits under parts A and B and under part F (for indi-
32 viduals enrolled under that part)” after “as calculated
33 under subsection (c)”;

34 (B) by striking “that area, adjusted for such risk
35 factors” and inserting “that area. In the case of pay-
36 ment for benefits under parts A and B, such payment
37 shall be adjusted for such risk factors as”; and

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1 (C) by inserting before the last sentence the following:
2 "In the case of the payments for benefits under
3 part F, such payment shall be adjusted for the risk factors of each enrollee as the Secretary determines to be
4 feasible and appropriate."

6 (4) CALCULATION OF ANNUAL MEDICARE+CHOICE
7 CAPITATION RATES.—Section 1853(c) (42 U.S.C. 1395w-
8 23(c)) is amended—

9 (A) in paragraph (1), in the matter preceding subparagraph (A), by inserting "for benefits under parts
10 A and B" after "capitation rate";

12 (B) in paragraph (6)(A), by striking "rate of growth in expenditures under this title" and inserting
13 "rate of growth in expenditures for benefits available
14 under parts A and B"; and

16 (C) by adding at the end the following new paragraph:
17

18 "(8) PAYMENT FOR CATASTROPHIC COVERAGE.—The
19 Secretary shall determine a capitation rate for catastrophic
20 coverage described in part F—

21 "(A) for 2006, which is based on the projected national per capita costs for coverage under part F and
22 associated claims processing costs for beneficiaries under the original medicare fee-for-service program;
23 and

26 "(B) for each subsequent year, which shall be equal to the rate for the previous year updated by the
27 Secretary's estimate of the projected per capita rate of growth in expenditures under this title for such coverage for an individual enrolled under part F.

31 The Secretary shall provide for an appropriate geographic adjustment in such capitation rate to reflect differences
32 (other than those reflected in the health status adjustments) in the average per capita expenditures under part
33 F in the different geographic areas."

36 (5) REQUIREMENT FOR ADDITIONAL BENEFITS.—Section 1854(f)(1) (42 U.S.C. 1395w-24(f)(1)) is amended by
37

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1 adding at the end the following new sentence: "Such deter-
2 mination shall be made separately for benefits under parts
3 A and B and for catastrophic coverage benefits under part
4 F."

5 (c) CONFORMING REVISION OF MEDIGAP STANDARDS.—
6 The provisions of section 1882(p)(1)(E) of the Social Security
7 Act (42 U.S.C. 1395ss(p)(1)(E)) shall apply to the benefit
8 changes effected by this section and the standards for benefit
9 packages previously established under section 1882(p) of such
10 Act shall be revised to avoid duplication with the benefits pro-
11 vided under part F of title XVIII of such Act (as inserted by
12 subsection (a)).

13 (d) CONFORMING AMENDMENTS TO FEDERAL SUPPLE-
14 MENTARY HEALTH INSURANCE TRUST FUND.—Section 1841
15 (42 U.S.C. 1395t) is amended—

16 (1) in the last sentence of subsection (a)—

17 (A) by striking "and" after "section 201(i)(1)";

18 and

19 (B) by inserting before the period the following: " ,
20 and such amounts as may be deposited in, or appro-
21 priated to, the Federal Catastrophic Insurance Account
22 established by section 1860F-6";

23 (2) in subsection (g), by inserting after "by this part,"
24 the following: "the payments provided for under part F (in
25 which case the payments shall come from the Federal Cata-
26 strophic Insurance Account in the Federal Supplementary
27 Medical Insurance Trust Fund).";

28 (3) in the first sentence of subsection (h), by inserting
29 before the period the following: "and section 1860F-
30 4(b)(1)(A) (in which case the payments shall come from
31 the Federal Catastrophic Insurance Account in the Federal
32 Supplementary Medical Insurance Trust Fund)"; and

33 (4) in the first sentence of subsection (i)—

34 (A) by striking "and" after "section 1840(b)(1)";

35 and

36 (B) by inserting before the period the following: " ,
37 section 1860F-5(b)(1)(A) (in which case the payments

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1 shall come from the Federal Catastrophic Insurance
2 Account in the Federal Supplementary Medical Insur-
3 ance Trust Fund)".

4 (e) APPLYING EXCLUSIONS FROM COVERAGE.—Section
5 1862(a) (42 U.S.C. 1395y(a)) is amended in the matter pre-
6 ceding paragraph (1) by striking "part A or part B" and in-
7 serting "part A, B, or F".

8 **SEC. 232. MEDICAID BUY-IN OF MEDICARE CATA-**
9 **STROPHIC COVERAGE FOR CERTAIN LOW-IN-**
10 **COME INDIVIDUALS.**

11 (a) STATE OPTION TO BUY-IN LOW-INCOME INDIVID-
12 UALS.—

13 (1) IN GENERAL.—Section 1902(a)(10)(E) (42 U.S.C.
14 1396a(a)(10)(E)) is amended—

15 (A) by striking "and" at the end of clause (iii);

16 (B) by adding "and" at the end of clause (iv); and

17 (C) by adding at the end the following new clause:

18 "(v) at the option of a State, for making med-
19 ical assistance available for medicare catastrophic
20 cost-sharing for qualified medicare catastrophic
21 beneficiaries (as defined in subsection (x)(1)), re-
22 gardless of whether or not such beneficiaries are
23 otherwise eligible for medical assistance under this
24 title;"

25 (2) CONSTRUCTION.—Nothing in this section shall be
26 construed as reducing the amount of medical assistance
27 otherwise available to medicare beneficiaries under the
28 medicaid program.

29 (b) ADDITIONAL FUNDS FOR TERRITORIES.—Section
30 1108 (42 U.S.C. 1308) is amended—

31 (1) in subsection (f), by striking "subsection (g)," and
32 inserting "subsections (g) and (h)"; and

33 (2) by adding at the end the following new subsection:

34 "(h) ADDITIONAL MEDICAID PAYMENTS TO TERRITORIES
35 FOR MEDICARE CATASTROPHIC COVERAGE.—

36 "(1) IN GENERAL.—In the case of a territory that de-
37 velops and implements a plan described in paragraph (2)

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(for providing medical assistance with respect to the provision of catastrophic coverage to medicare beneficiaries), the amount otherwise determined under subsection (f) (as increased under subsection (g)) for the State shall be increased by the amount specified in paragraph (3).

“(2) PLAN.—The plan described in this paragraph is a plan that—

“(A) provides medical assistance with respect to the provision of some or all medicare catastrophic coverage described in part F of title XVIII to low-income medicare beneficiaries; and

“(B) assures that additional amounts received by the State that are attributable to the operation of this subsection are used only for such assistance.

“(3) INCREASED AMOUNT.—

“(A) IN GENERAL.—The amount specified in this paragraph for a State for a year is equal to the product of—

“(i) the aggregate amount specified in subparagraph (B); and

“(ii) the amount specified in subsection (g)(1) for that State, divided by the sum of the amounts specified in such section for all such States.

“(B) AGGREGATE AMOUNT.—The aggregate amount specified in this subparagraph for—

“(i) 2006, is equal to \$15,000,000; or

“(ii) a subsequent year, is equal to \$15,000,000 multiplied by the percentage described in section 1860F-2(c)(1)(B) for that subsequent year.”.

(c) DEFINITIONS OF ELIGIBLE BENEFICIARIES AND COVERAGE.—Section 1905 (42 U.S.C. 1396d) is amended by adding at the end the following new subsection:

“(x)(1) The term ‘qualified medicare catastrophic beneficiary’ means an individual—

“(A) who is enrolled or enrolling under part F of title XVIII; and

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1 “(B) whose income (as determined under section 1612
2 for purposes of the supplemental security income program,
3 except as provided in subsection (p)(2)(D)) is below 175
4 percent of the official poverty line (as referred to in sub-
5 section (p)(2)) applicable to a family of the size involved.

6 “(2) The term ‘medicare catastrophic cost-sharing’
7 means the following:

8 “(A) In the case of a qualified medicare cata-
9 strophic beneficiary whose income (as determined
10 under paragraph (1)) is less than 150 percent of the
11 official poverty line, premiums under section 1860F-
12 5.

13 “(B) In the case of a qualified medicare cata-
14 strophic beneficiary whose income (as determined
15 under paragraph (1)) is at least 150 percent but less
16 than 175 percent of the official poverty line, a per-
17 centage of premiums under section 1860F-5, deter-
18 mined on a linear sliding scale ranging from 100
19 percent for individuals with incomes at 150 percent
20 of such line to 0 percent for individuals with incomes
21 at 175 percent of such line.

22 “(3) In the case of any State which is providing med-
23 ical assistance to its residents under a waiver granted
24 under section 1115, the Secretary shall require the State
25 to meet the requirement of section 1902(a)(10)(E) in the
26 same manner as the State would be required to meet such

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1 requirement if the State had in effect a plan approved
2 under this title.”.

3 (d) 100 PERCENT FMAP FOR COST-SHARING.—The
4 first sentence of section 1905(b) (42 U.S.C. 1396d(b)) is
5 amended—

6 (1) by striking “and” before “(4)”; and

7 (2) by inserting before the period at the end the
8 following: “, and (5) with respect to the 50 States
9 and the District of Columbia the Federal medical as-
10 sistance percentage shall be 100 percent with respect
11 to medicare catastrophic cost-sharing (as defined in
12 subsection (x)(2))”.

13 (e) CONFORMING AMENDMENT.—Section 1905(a)
14 (42 U.S.C. 1396d) is amended in the second sentence of
15 the flush matter at the end by striking “premiums under
16 part B” the first place it appears and inserting “premiums
17 under parts B and D”.